

# Business Continuity During Adversity and Strategies to Revive Certain Sectors

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## ABSTRACT

The study investigates the factors influencing business continuity during adversities like COVID-19. It further sheds light on priorities for preparedness measures that need to be taken to ensure continuity during these adversities. Exploratory research was conducted in the form of focussed interviews with 20 senior management industry professionals, and these were analyzed using N-Vivo, and four important determinants of business continuity were identified based on which a research model was conceptualized using business continuity as dependent variable and others as independent variables. The model was further tested using quantitative research. For this purpose, a questionnaire was prepared, and a total of 200 responses were collected representing 26 sectors. These responses were analyzed using factor and variance analysis, and a multiple regression analysis was performed to test the role of these variables on business continuity. It was further concluded that the factors that ensure business continuity differ according to the industry in which the business is operating.

## KEYWORDS

Business Continuity, Business Continuity Model, Initiatives, Leadership, Management, Pandemic, Survival

## INTRODUCTION

All over the world, businesses work in uncertain environments and the increase in frequency and severity of uncertainty to the level of disastrous events is questioning the continuity of operations of the organisations. The ultimate consequence of such events is loss: Loss of revenue, customers, reputation, access to facilities, etc. To continue to survive, operate, and evolve during these adversities is a matter of great concern for organisations. To minimize the impact of these consequences, and ensuring the continuity of the business, organisations need to prevent, mitigate, prepare, respond, recover in a strategic manner (Shaw and Harrald, 2004).

Business Continuity consolidates the separable functions of crisis management, risk assessment, emergency planning, and disaster recovery (Shaw and Harrald, 2004). It is like a going concern concept in accounting that a business endures, which is extended beyond the creator, founder into an infinite future. Traditionally, it was only focussed on “ensuring the necessary steps to be taken to identify the impacts of potential losses and maintain recovery plans” (National Fire Protection Association, 2007). With the change in times, it has evolved into “an ongoing process of identifying

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the risk, threats, and vulnerabilities and provide a framework for building organisational resilience and the capability for an effective response” (*Disaster Recovery Institute, 2016*).

BCI and DRI describe Business continuity as “The strategic and tactical capability of the organization to plan for and respond to incidents and business disruptions in order to continue business operations at an acceptable predefined level”

Organisations must continue to operate its critical workflow functions despite adversities and lack of support systems. Adversities are trigger points for evaluating the need for business continuity. A firm must try to maintain “the confidence of shareholders, customers, employees, and the public at large” (*McKnight and Linnenluecke, 2016*). To ensure business continuity there is a felt need to address the aspects of Adversities, which can be human-made or natural adversities along with the construct of Business Processes and Business Infrastructure. A brief about the constructs is mentioned below.

## **Adversity**

In order to survive, businesses are changing and reinventing itself. This need for survival has led countries and organisations to become a machine of creation, with its own rhythms some faster than others but always with the same purpose of outperforming others. It has posed adversities in the business that challenges the businesses.

According to Stoner and Gilligan’s (2006) definition of adversity “Adversities are unexpected, disruptive which twist the expected patterns of planned activities and has a level of uncertainty and ambiguity surrounding it”

A Business Enterprise is the primary agent of a business environment that is affected by external and internal factors, and is also an agent that must respond to these adversities in ways that ensure the health and strength of the organization that challenges the wellbeing of the organization. These challenges emerge both externally as hyper-complex risks & crises and may present themselves internally in the business. These external and internal level factors are known as Macro level adversities and micro-level adversities.

Micro-level adversities are faced by organisations in their daily routine. These poses’ risk only to the organisation. These factors are human resources, administrative structures, technology, products or services, and the history and culture of an organization (*Leavitt, 1964*).

Macro-environment adversities are external adversities that pose numerous risks to businesses, impede industrial growth, and can threaten the interests of stakeholders at all levels. The PESTLE framework examines six main macro environmental adversities, challenging organisations (*Chew, 2012*).

The global pandemic COVID-19 has challenged all the businesses and defined new adversity that is unpredictable and is considered as a Catastrophic event. Such events are known as Black Swans. These events have a huge impact on the economy and companies.

## **Man-Made or Natural Adversities**

A disaster is an event or situation that causes damage and disrupts normal socioeconomic activities. These have a huge impact on the normal operations of the business. The list of potential disasters or events that trigger the implementation of a company’s Business Continuity plan is long and varied. Natural disasters, inadvertent disasters (E.g. IT problems, power failure, supply chain disruptions) and deliberate actions (terrorist attacks, Labour unrest, etc.) can disrupt the operations.

Natural disasters are caused by extreme events. Among the most extreme natural phenomenon, it includes attack likes Hurricane and Katrina 2005, SARS 2003, the Madrid 2004, Tsunami 2011, and other natural disasters (Figure 1) around the world have forced management attention to survive from such catastrophes.

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